

Hello, Representative Walker, Senator Doyle, and distinguished members of the Human Services Committee. I appreciate the opportunity to submit testimony today.

My name is Mark E. Kovitch, Chief Financial Officer of Key Human Services, a private non profit providing an array of services to individuals with intellectual disabilities or developmental delays since 1989. I am also, a Licensed Certified Public Accountant in Connecticut and Massachusetts, with seventeen years of experience providing services in public accounting firms and private industry to not-for-profit organizations. Today, I am representing Key Human Services, Inc. and providing testimony in strong support of S.B. No. 282, An Act Concerning Implementation of an Attendance Based Rate System by the Department of Development Services (DDS).

Many other providers and trade groups have provided you with testimony on the negative effect of the implementation of an attendance based rate system for Day Services for individuals entitled to that support by DDS as of February 1, 2010. The goal of my testimony is to provide a fiscal overview of the day service providers that contracted with DDS in FY'09 to support individuals with intellectual disabilities or developmental delays, and discuss a possible alternative revenue source to offset the 2.5 million dollars the department expects to reduce expenditures in FY'10 by the implementation of this new system as of February 1, 2010.

Fiscal Overview:

The fiscal data is from a summary report provided by DDS to Connecticut Community Providers Association and Connecticut Association Nonprofits. The summary report includes 112 private providers that contracted with DDS during FY'09. The report summarizes the information provided to DDS in the Annual Report of Residential and Day Services as required by any private provider that contracts with DDS under Sec. 17-313b-3 of Connecticut General Statute.

First, the report represents five models of providing support to individuals with developmental delays; supported living (SL), day services (DAY), Community Living Arrangements (CLA), Community Training Homes (CTH), and Intermediate Care Facilities (ICF). Both CLA and ICF are also called "group homes" by the general public. I am going to provide data on the day service providers.

DDS contracted with 99 agencies for day services representing four different models of support: Day Support Option (DSO), Group Supported Employment (GSE), Individual Supported Employment (SEI), and Sheltered Workshop (SHE). I have attached service descriptions of each model from a narrative that DDS provided to other state agencies and the Office of the Attorney General for review. Also, I have attached a summary of the fiscal data that I am discussing today. This summary gives more detail on how many providers contracted for each model of care, and also, how many cost centers were used to represent each model of care. For example, there were 209 cost centers for the DSO model. Cost centers are groupings

of individual programs that agencies summarize for presentation in the annual reports

The 99 agencies contracted for 5,938 openings for DAY programs and provided 1,250,294 days of support under various DAY support models. The 5,938 openings represent available client days of 1,513,946. Based on these numbers, the overall utilization for all day program models was 82.5%. Note this is 7.5% lower than the 90% utilization being used to calculate rates.

DDS spent just under 125 million on these day services. It cost providers just under 135 million to provide these services. In total the 99 providers lost \$10 million or almost 8% of the cost of service. This is before any rescissions, cuts, or changes in the reimbursement system.

The 99 providers spent just over 81 million on direct service wages for a total of 2,497 FTE. Direct service wages includes but are not limited to managers and supervisors of day program sites, instructors (direct care) and clinical staff for individuals being supported and employees that provide transportation to and from sites. An FTE is 1 employee working 40 hours a week for 52 weeks a year. These providers employ many more than 2,497 people. This represents all the employees totaled up into FTE's. It easily represents more than 5,000 jobs in the State of Connecticut due to the number of employees needed on a part-time basis to provide services. These providers spent just over 21 million on benefits, or as a percentage

26%. The average salary based for all the positions totaled together is just over \$32,600 a year or \$15.68 an hour. The total compensation of just under 103 million represents 76% of the total reimbursement to providers for DAY supports.

Alternative Revenue Source:

Based on my analysis of the annual report data, within the 99 providers contracted with DDS for day services, 33 of these providers most likely provided a wrap-around day program service. Wrap-around day services are day supports that operate out of someone's residential placement. These services, based on the definition in Connecticut CMS waiver, do not meet the requirements for federal reimbursement. These services are covered under the definition for a residential placement.

My suggestion is to move these services from provider's day program contracts to their residential services contracts for both FY'10 and FY'09. Then, DDS should re-issue rate letters for these residential placements for FY'10 and FY'09. Finally, based on these revised rates, submit amended billing to the federal government for reimbursement. Please note that DDS will need permission from the legislature to move funds for one state ID to another state ID.

To determine the value of this alternative revenue source, I selected program cost centers that had less than five contracted openings and program utilization of at least 96%. Wrap-around day programs have very high program utilization

because individuals do not need to travel off site for their programs and usually represent 1 or 2 individuals. I used five contracted openings because some providers group all their wrap-around day programs in the same cost center. Based on this selection, DDS reimbursed providers just over \$3.4 million for possible wrap-around day programs for 125 individuals. At the 60% reimbursement rate due to stimulus funding by the federal government, this represents just over \$2 million, for both fiscal year it would be \$4 million. As you can see this is greater than \$2.5 million, so there is great deal of room for possible errors in my assumptions and or calculations.

I know this would take some effort by providers and State to implement but I think we owe this to the individuals that we all support.

To close I would like to restate our support for S.B. No. 282. I thank you for your time and consideration of these critically important issues. I would also encourage you to contact me to see our Homes, especially Senator Coleman to see our home in Bloomfield, Senator Doyle to see our homes in Cromwell and Wethersfield, and finally Senator Kane to see our homes in Watertown.

Please do not hesitate to contact me with any questions, or for additional information:

(860) 409-7350 ext. 121 or e-mail at mkovitch@keystonehumanservices.org.

Service Descriptions

The following service descriptions define the services in the new Purchase of Service contract for fee for services. The descriptions are in draft form and are currently being reviewed by the Office of the Attorney General. They closely follow on the HCBS Waiver submission.

A. Day Programs

1. Individual Supported Employment (SEI)

SEI consists of intensive, ongoing supports that enable participants, for whom competitive employment at or above the minimum wage is unlikely absent the provision of supports, and who because of their disabilities, need supports to perform in a regular work setting. Supported employment may include assisting the participant to locate a job or develop a job on behalf of the participant. Supported employment is conducted in a variety of settings, particularly work sites where persons without disabilities are employed. Supported Employment includes activities needed to sustain paid work by participants, including supervision and training. Supports will vary in the intensity of initial job development, intensive training, and decreasing periodic monitoring. This service is not for use to provide ongoing long-term 1:1 support to enable an individual to complete work activities. Supported employment may include services and supports that assist the participant in achieving self-employment through the operation of a business.

The person receives needed and appropriate supports such as job site training, transportation, family support, or any service necessary to achieve and maintain the supported employment placement, throughout the term of the employment. Ongoing support must include, at a minimum, twice monthly contact with the supported employee at the work site to assess job stability unless it is determined that off-site monitoring is more appropriate for a particular individual.

2. Group Supported Employment (GSE)

GSE is a supported employment situation in a competitive employment environment in which a group of participants with disabilities are working at a particular work setting. The participants may be disbursed throughout the company and among workers without disabilities or congregated as a group in one part of the business; or part of a Mobile Work Crew in which a group of participants perform work in a variety of locations under the supervision of a permanent employment specialist (job coach/supervisor).

3. Day Support Options (DSO)

DSO provides supports to individuals that lead to the acquisition, improvement, and/or retention of skills and abilities to prepare an individual for work and/or community participation, or support meaningful socialization, leisure, and retirement activities. Supports include the development, maintenance or enhancement of independent functioning skills in the areas of sensory-motor, cognition, personal grooming, hygiene, toileting, etc., assistance in developing

and maintaining friendships of choice and skills to use in daily interactions; the development of work skills; opportunities to earn money; opportunities to participate in community activities, etc.

4. **Sheltered Workshop (SHE)**

SHE provides services in a segregated facility where individuals are supervised in producing goods or performing services under contract to third parties and are paid at a wage that is commensurate with workers who do not have a disability for essentially the same type, quality, and quantity of work in accordance with Department of Labor regulations.

5. **Individualized Day Support**

Individualized Day Supports provide supports to individuals tailored to their specific personal outcomes related to the acquisition, improvement, and/or retention of skills and abilities to prepare and support an individual for work and/or community participation and/or meaningful retirement activities, or for an individual who has their own business, and could not do so without this direct support. This service is not provided in or from a facility-based day program. This service may not be provided at the same time as GSE, DSP, SHE, Supported Employment, Respite, Personal Support, Adult Companion, or Individualized Home Supports.

**Analysis of Fiscal Data
For Day Programs
For the FY'09 ACOR Data**

Analysis of Providers and Programs

Day Model	Provider per Model	Cost Center per Model
DSO	87	209
GSE	60	93
SEI	61	81
SHE	17	25
Total	99	408

Analysis of Attendance

Day Model	Available Client Days	Actual Client Days	Percent Utilization
DSO	636,800	525,801	82.5693%
GSE	602,720	501,530	83.2111%
SEI	155,428	118,355	76.1478%
SHE	118,998	104,608	87.9074%
Total	1,513,946	1,250,294	82.5851%
Utilization used to calculate rates (Standard)			90.0000%
Difference between actual utilization and standard			7.4149%

**Analysis of Fiscal Data
For Day Programs
For the FY'09 ACOR Data**

Analysis of Results

Day Model	DDS Cost	Provider Cost	Provider Results	Percentage Results
DSO	\$61,871,448	\$67,248,681	(\$5,377,233)	-8.6910%
GSE	\$43,555,092	\$46,970,391	(\$3,415,299)	-7.8413%
SEI	\$8,897,406	\$9,609,358	(\$711,952)	-8.0018%
SHE	\$10,559,328	\$11,039,567	(\$480,239)	-4.5480%
Total	\$124,883,274	\$134,867,997	(\$9,984,723)	-7.9952%
Rounding by Millions	125	135	(\$10)	-8.0000%

Analysis of Direct Service Employment per Day Program Model

Model of Care	FTE	Salaries	Benefits	Total Compensation
SL	1,255	\$40,299,961	\$10,214,794	\$50,514,755
CLA	892	\$28,581,049	\$7,610,447	\$36,191,496
ICF	185	\$6,208,473	\$1,634,098	\$7,842,571
CTH	165	\$6,372,581	\$2,035,052	\$8,407,633
Total	2,497	\$81,462,064	\$21,494,391	\$102,956,455
Average Hourly Rate		\$15.68		
Average Annual Salary		\$32,624		
Average Benefit Rate		26.39%		
Percentage of Service paid in Compensation		76.34%		\$134,867,997

